

JEFFREY DONOHUE ASSOCIATES, LLC
150 DOW STREET
P.O. Box 417
MANCHESTER, NEW HAMPSHIRE 03105

November 2, 2007

Maine State Planning Office
184 State Street
Augusta, ME 04333

Good Day!

On behalf of Jeffrey Donohue Associates, I am pleased to submit our qualifications in response to your Request for Qualifications (RFQ) for Preparers for Comprehensive Economic Impact Studies.

Jeffrey Donohue Associates (JDA) was established in 2004. JDA is a multi-discipline economic and real estate consulting firm. The firm was founded based on Mr. Donohue's experience of more than twenty years in the fields of financial analysis, market studies, impact analysis, feasibility studies, adaptive reuse analysis and economic evaluations. The firm provides a comprehensive range of advisory, marketing, and management services to clients in the private and public sectors. Fiscal and economic impact analyses have been developed for a number of mixed use projects, including:

- A mixed use development in Weymouth, Massachusetts, which includes 2,855 residential units and 2 million square feet of commercial and office development;
- A 400-unit age-restricted development in Richmond, Rhode Island, with a 700,000 square foot commercial/office component;
- The fiscal and economic impacts associated with the potential closure of a major military installation on its three host communities; and
- The fiscal implications of the redevelopment of an Army Ammunition Plant in Kansas to a business and industrial park.

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JDA

Mr. Donohoe was recently retained by the Town of Bellingham, Massachusetts to evaluate the impacts associated with a major retail/office development project with more than 1.1 million square feet of floor space. In addition, Mr. Donohoe recently provided support to Eaton Peabody Consulting in the preparation of tax base management and economic development strategies for the Town of Topsham and the City of Ellsworth. As part of these projects, Mr. Donohoe provided order-of-magnitude estimates of the fiscal impacts associated with residential and non-residential land uses.

The remainder of this qualification submission is organized consistent with the specifications in the Request for Qualifications. However, should you require additional information, please do not hesitate to contact me.

Thanks you for your consideration.

Sincerely,

Jeffrey S. Donohoe
Principal

A. Name, address, phone number, and e-mail address.

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B. A description of the applicant's educational background.

- Bachelor of Science, Business Administration, University of New Hampshire, Durham, New Hampshire, 1981
- Master of Business Administration, Bentley College, Waltham Massachusetts, 1984

C. A description of the applicant's experience and training in assessing the potential impacts of large-scale retail establishment, including the number of years the applicant has performed work related to analyzing economic impacts.

Jeffrey Donohoe Associates (JDA) was established in 2004. JDA is a multi-discipline economic and real estate consulting firm. The firm was founded based on Mr. Donohoe's experience of more than twenty years in the fields of financial analysis, market studies, impact analysis, feasibility studies, adaptive reuse analysis and economic evaluations. The firm provides a comprehensive range of advisory, marketing, and management services to clients in the private and public sectors. JDA was recently retained by the Town of Bellingham, Massachusetts to evaluate the fiscal impacts of a proposed 1.1 million square foot development, which will include 550,000 square feet of retail space and 600,000 square feet of office space.

In addition, Mr. Donohoe provided support to Eaton Peabody Consulting in the preparation of tax base management and economic development strategies for the Town of Topsham and the City of Ellsworth. As part of these projects, Mr. Donohoe

provided order-of-magnitude estimates of the fiscal impacts associated with residential and non-residential land uses.

Fiscal and economic impact analyses have been developed for a number of mixed use projects, including:

- A mixed use development in Weymouth, Massachusetts, which includes 2,855 residential units and 2 million square feet of commercial and office development;
- Peer review of the fiscal impact evaluation for a major retail/commercial development (700,000 SF) and residential development (400 units) for the Town of Richmond, Rhode Island;
- Evaluation of the potential fiscal impacts associated with the closure of a major New Jersey military installation on the three host communities; and
- The fiscal implications of the redevelopment of an Army Ammunition Plant in Kansas to a business and industrial park.

D. Examples of three previous research projects completed by the applicant that demonstrate the applicant's ability to assess the potential impacts of a large-scale retail establishment.

Specific project reports included on the attached CD are:

- A mixed use development in Weymouth, Massachusetts, which includes 2,855 residential units and 2 million square feet of commercial and office development;
- Peer review of the fiscal impact evaluation for a major retail/commercial development (680,000 SF) and residential development (400 units) for the Town of Richmond, Rhode Island; and
- Evaluation of the potential fiscal impacts associated with the closure of a major New Jersey military installation on the three host communities.

E. A description of the consultant's understanding of some of the costs and benefits of large-scale retail development.

Large-scale retail projects affect host communities in a variety of ways. On the cost side, projects can generate increased demand for services such as police, fire and ambulance services. In addition, because of the levels of traffic associated with major retail projects, transportation systems can also be affected. During construction, building departments may be affected by significant increases in workload due to increased requirements for inspections, though this typically generates fees as well.

On the benefit side, the largest potential revenue item is typically property taxes on the new facility. Employment growth is also considered to be a benefit, though wage levels for new retail jobs are frequently lower than local or regional median. Some additional incremental revenues may also be generated through fees for services, such as water and/or sewer services, and the aforementioned building inspection and permit fees.

One major potential cost items that needs to be considered is whether the new development will result in the need for additional capital expenditures. For example, many communities find that new development activity results in a need for fire equipment that is larger than the community's existing equipment. These issues need to be explored with department heads, to understand whether there are potential "hidden costs" for the community.

In addition to the fiscal impact report, it may be beneficial to consider the potential impacts on existing retail sales activity. Data from Claritas, a demographic forecasting service, can be used to identify existing retail sales levels within specified radii of the site. Retail sales "gaps", where consumer demand is higher than sales within the trade area, will be identified. In addition, retail sectors where sales outpace demand from the local area will also be reviewed. This will help to identify whether the project will generate "net new" retail sales activity, or whether the majority of demand is likely to be transferred in from other areas.

F. A description of the methodology the consultant will use to perform the analysis.

During this project, we will visit the site and review the project materials provided by the Town and Developer/Applicant, in order to gain a better understanding of the project, its market potential, locational attributes, phasing, potential school enrollment (if any), etc. Secondly, we will interview key municipal and school officials to

understand issues within the community related to servicing a project of this magnitude, such as capacity, operating costs, etc. This is considered critical to understanding the ability of Town Departments to provide adequate public services for the proposed development. In particular, it is important to gain an understanding of not just personnel requirements, but also whether additional equipment and/or facilities may be needed to support the proposed development.

Next, we will estimate property tax revenues that would accrue from the project along with any other related revenues. Finally, we will summarize the above information in a written report showing the costs and revenues of the project to the community from a fiscal impact perspective. It is anticipated, based on similar reports prepared by Jeffrey Donohoe Associates, that the fiscal impact report will include the following major sections:

- Executive Summary;
- Introduction/Methodology;
- Trends in Municipal Revenues, Expenditures and Tax Base;
- Estimated Revenues;
- Estimated Expenditures; and
- Net Fiscal Impact.

Once the fiscal impact review has been completed, the outcomes will be reviewed with the representatives of the Town and the Applicant, to determine whether changes to the project should be evaluated and/or to determine whether mitigation measures are appropriate and realistic.

JDA will attend meetings with representatives of the Town and Applicant, as appropriate and authorized.

G. A description of the key data and the sources for the data necessary to identify the potential costs and benefits of a large-scale retail establishment.

In order to evaluate the potential impacts of a large-scale retail property, it is important to understand how individual departments within the community might be affected. The Table below illustrates some of the most basic data items required to evaluate the potential impacts on a community.

Data Item	Sources
Employment by Industry	Maine Department of Labor, Bureau of Labor Statistics
Town/City Budget Data	Town/City Offices
Town/City Department Personnel and Facilities Data	Town/City Department Head Interviews
Property Tax Data	Town/City Assessor
Property Development Plans	Applicant and Town/City Planning and Zoning Boards
Capital/Facility Improvement/Expansion Plans	City/Town Department Heads

In addition to these items, basic demographic data for the community and larger region (typically a county) can provide context for evaluating large-scale projects. Since the 2000 U.S. Census is somewhat dated at this point, JDA frequently acquires detailed demographic data from private sector sources, such as Claritas and DemographicsNow.com. These well-known and widely respected services provide current estimates for households, population, median income, age-distribution and other key demographic indicators. In addition, they have projection for the future, typically five years, for each of these demographic indicators as well.

The goal of the analysis is to define what the typical incremental costs of the proposed development are, and to estimate how much of these costs will be offset by new incremental revenues.

H. A description of the methodology the consultant will use to determine the comprehensive economic impact area to be studied.

The definition of a retail trade area is highly dependent upon the type of retail activity being proposed, as well as the competitive environment within which the new retail center will operate. For example, the retail trade area for a community such as Ellsworth is dramatically different than the retail trade area for Scarborough. Ellsworth's market is heavily influenced by tourists, in addition to the fact that the community serves as a major retail center for the larger region.

In contrast, Scarborough's retail draw is more consistent with a suburban retail center, with excellent Interstate access. Each community needs to be evaluated to understand what factors influence the retail base, including population, access, competitive position and other market factors.

I. A description of how the economic impact analysis will consider the goals, policies, and strategies of the community comprehensive land use plans in the region to be studied.

Comprehensive plans help guide a community's growth. Recommendations within the comprehensive plan help to guide the development of zoning, which is intended to help in the implementation of the plan.

Unfortunately, many communities are more reactive than proactive when it comes to large-scale retail developments. Too often, communities consider comprehensive plan revisions which clearly address large-scale retail only after receiving one or more development proposals.

For each project, JDA will review the comprehensive plan for the community, and meet with key community stakeholders to gain a better understanding of the plan, its goals and policies, as well its origins. As part of the economic impact analysis, consideration will be given to the potential impact on retail sales of smaller retailers within the community as a result of the larger development activity. Using data from Claritas on retail sales by category, the potential transfer of retail sales dollars from smaller retailers to the proposed development can be estimated.

J. A minimum of three references who are familiar with the applicant's work on similar type projects.

Ms. Michelle Beal, City Manager
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Mr. Gerald Tarantolo, Mayor
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